



Senate

General Assembly

File No. 520

February Session, 2012

Substitute Senate Bill No. 240

Senate, April 18, 2012

The Committee on Appropriations reported through SEN. HARP of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT ALLOWING THE RETENTION OF AN ADMINISTRATIVE
COST ALLOWANCE FROM THE CONNECTICUT INDEPENDENT
COLLEGE STUDENT GRANT PROGRAM FOR COMPLIANCE AUDITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-38 of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective July 1, 2012*):

4 In administering sections 10a-36 to 10a-42a, inclusive, the Office of
5 Financial and Academic Affairs for Higher Education shall develop
6 and utilize fiscal procedures designed to insure accountability of the
7 public funds expended pursuant to said sections. Such procedures
8 shall include provisions for compliance audits which may be
9 conducted by the Office of Financial and Academic Affairs for Higher
10 Education of any independent college or university which participates
11 in the program established pursuant to sections 10a-36 to 10a-42a,
12 inclusive. Up to twenty thousand dollars of the annual appropriation
13 to the program may be used to fund such audits. Commencing with

14 the fiscal year ending June 30, 1989, and biennially thereafter, each
15 such independent institution shall submit the results of an audit done
16 by an independent certified public accountant for each year of
17 participation in the program. Independent colleges and universities
18 determined by the office not to be in substantial compliance with the
19 provisions of sections 10a-40, 10a-41 and 10a-42g shall be ineligible to
20 receive funds under the program for the fiscal year next following the
21 fiscal year in which the independent college or university was
22 determined not to be in substantial compliance pursuant to this section
23 and for each fiscal year thereafter until the office determines that the
24 college or university is in substantial compliance with the provisions of
25 this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2012	10a-38
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HED *Joint Favorable Subst. C/R*

APP

APP *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Office of Financial and Academic Affairs for Higher Education	GF - Reallocation of funds	\$20,000	\$20,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which allows the Office of Financial and Academic Affairs for Higher Education (OFAAHE) to use up to \$20,000 of the annual Connecticut Independent College Student Grant appropriation to fund compliance audits, will result in a reallocation of program funding. It is anticipated that by using the \$20,000 to fund the audit, each student award will be decreased by approximately \$4 (in 2012 the average award issued was \$3,722).

Currently, the audit is funded out of the Other Expenses (OE) line item. As a result of rescissions and reduced OE funding, the audit would equate to approximately 22% of the OE budget and it is uncertain if there would be funds available to complete the audit in FY 13.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 240*****AN ACT ALLOWING THE RETENTION OF AN ADMINISTRATIVE COST ALLOWANCE FROM THE CONNECTICUT INDEPENDENT COLLEGE STUDENT GRANT PROGRAM FOR COMPLIANCE AUDITS.*****SUMMARY:**

The Connecticut Independent College Student Grant (CICSG) program provides need-based undergraduate financial aid (grants) to state residents attending the state's independent colleges and universities. The Office of Financial and Academic Affairs for Higher Education (OFAAHE) administers the program.

By law, every two years, each institution participating in the program must submit (presumably to OFAAHE) the results of a compliance audit done by an independent certified public accountant (CPA) for each year it participates in the program. This bill permits up to \$20,000 of the annual CICSG appropriation to OFAAHE to be used to pay for the audits.

In practice, OFAAHE contracts with independent CPA firms to conduct these audits and pays for them within its existing appropriations for Other Expenses.

EFFECTIVE DATE: July 1, 2012

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute Change of Reference

Yea 15 Nay 3 (03/13/2012)

Appropriations Committee

Joint Favorable

Yea 37 Nay 18 (04/03/2012)